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INTELLIGENCE GROUP
INTELLIGENCE REPORT

COUNTRY Czechoslovakia

DATE: 25X1X6

SUBJECT **Bata-World Plans Suit Against Bata-Zlin**

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SUPPLEMENT

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ORIGIN

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1. Relations between the Bata-World enterprises outside Czechoslovakia and the nationalized Bata plants in Zlin continue to deteriorate. Bata-World is now preparing to bring suit in London against the Zlin plants for refusal to abide by the May 1946 agreement not to invade each other's markets and for failure to pay for \$600,000 worth of leather and tanning materials which Bata-World delivered to Zlin last autumn.
2. For some time Bata-World has been attempting to keep in touch with the nationalized Zlin plants through the Prague office of the Canadian Commercial Trading Company. This organization, however, has never been granted an official business permit by the Czechoslovaks, and has twice had its offices raided by OBZ.
3. The Zlin officials are said to become more and more aware that, while they have the facilities for turning out thirty million pairs of shoes per year, they no longer have their pre-war sales connections with which to dispose of these shoes on the world market. Zlin's present production contracts with the Soviets cannot be relied upon in any long range planning; besides, Soviet terms are invariably harsh. As an example, the sharp notice served on Zlin officials by the Soviets late in December should be noted, by which they were ordered to deliver forthwith the two million pairs of rubber soled shoes contracted for, despite the fact that ninety percent of the buna the Russians have furnished has been returned to them as tires.
4. Dr. Holy, Communist national manager at Zlin, is reported to be eying the markets in America, where he hopes to dispose of at least a portion of the twelve million pairs of shoes earmarked for sale abroad.

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